

BUDGET IN BRIEF

University of Wisconsin—Madison
Budget Report 2015–2016





This document is intended to provide an easy-to-understand glimpse of UW–Madison’s budget picture. Spending information included in the document is from the 2014–15 fiscal year, the most recent year for which complete information is available. Most other budget, tuition, and fee data is for 2015–16.

For a more comprehensive look at UW–Madison’s revenues and spending and information about faculty, staff and students, visit the university’s *Data Digest* at

www.apir.wisc.edu/datadigest.htm

From the Chancellor



It is my hope that this document helps us build the case for why UW–Madison should be a priority for investment by the state of Wisconsin.

The University of Wisconsin–Madison has been built on the belief of generations of Wisconsinites that higher education can transform individuals' lives and enrich the overall quality of life in Wisconsin. Our goal at the university is to be good stewards of that hope and to spread the positive influence of our teaching and research across our state and beyond.

One of our duties is to provide information about how we are using the investment in our institution by students, taxpayers, and other friends and supporters of the university. To be sure, our budget is complex, with many revenue streams and expenditures driven by education, research, economic development, and outreach efforts throughout the world. This is the second edition of the *Budget in Brief*, in which we aim to shine a light through the complexity and provide key numbers that give insight into the nuts and bolts of our budget.

As with higher education institutions throughout the country, we are faced with many challenges as we look to build upon our legacy and create a university that is stronger and more resilient. One of those challenges is demonstrating the value we give back to the state. It is my hope that this document helps us build the case for why UW–Madison should be a priority for investment by the state of Wisconsin.

If you have questions or concerns about our budget, I invite you to contact us at budget@uc.wisc.edu.

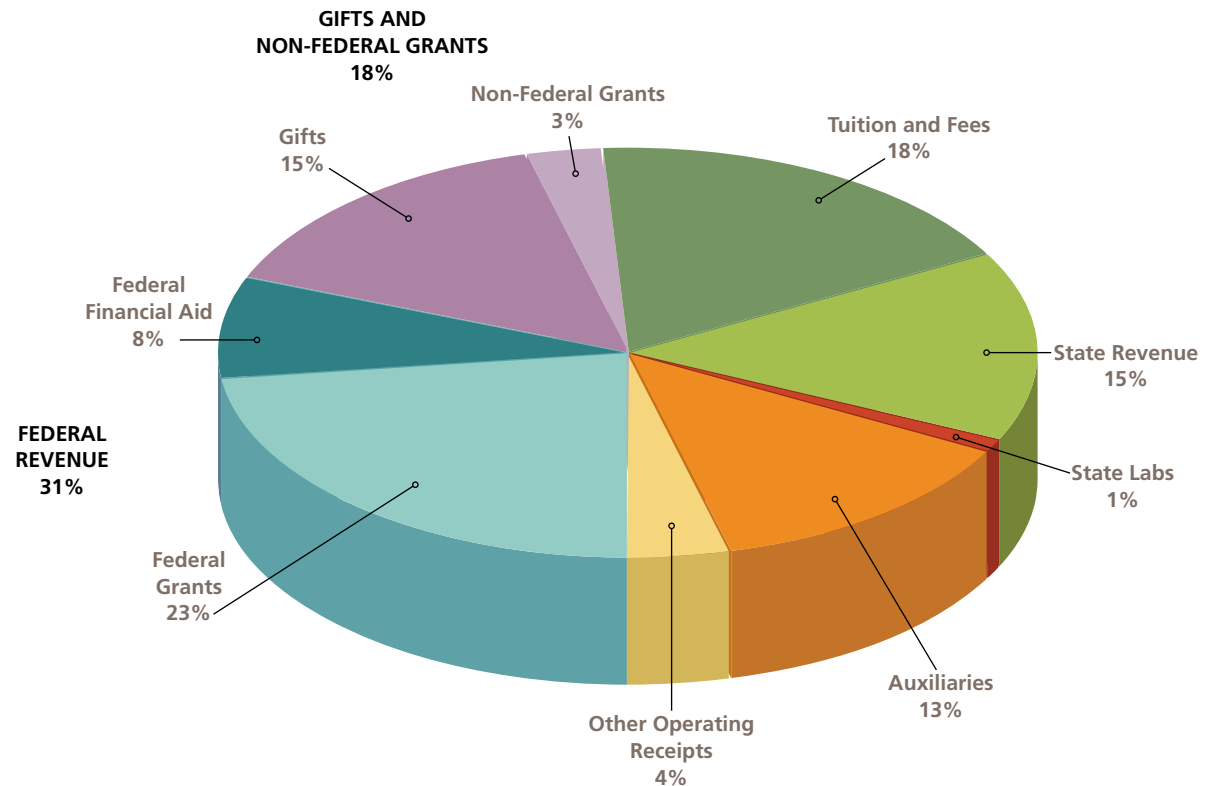
Rebecca Blank
UW–Madison Chancellor

Part I: Revenue Sources in Fiscal Year 2015-2016

Source of Funds

UW–Madison gets revenue from multiple sources for its \$2.9 billion budget. The university's mission is supported by state and federal government investments, tuition, research grants, and contributions from friends of the university.

- The largest portion of the university's budget, approximately \$890 million, or 31 percent, is from the federal government. Most of this is competitively awarded to the UW for specific research projects and supports research time for faculty, staff, and students, as well as research facilities.
- The second-largest amount (\$517 million, 18 percent of the budget) comes through student tuition and fees.
- Gifts from donors and private grants (\$512 million) account for 18 percent of the budget.
- Revenues from state government totaled \$443 million, or 15 percent of the overall budget. State revenue includes general purpose revenue (\$226 million), over which the university has some discretion, and specific-purpose revenue (\$217 million), which goes to predetermined programs and services.
- Revenues from auxiliary enterprises, such as University Housing and the Wisconsin Union, account for \$384 million, or 13 percent of the overall budget. This money is collected and spent entirely within these units and cannot be used for other purposes.

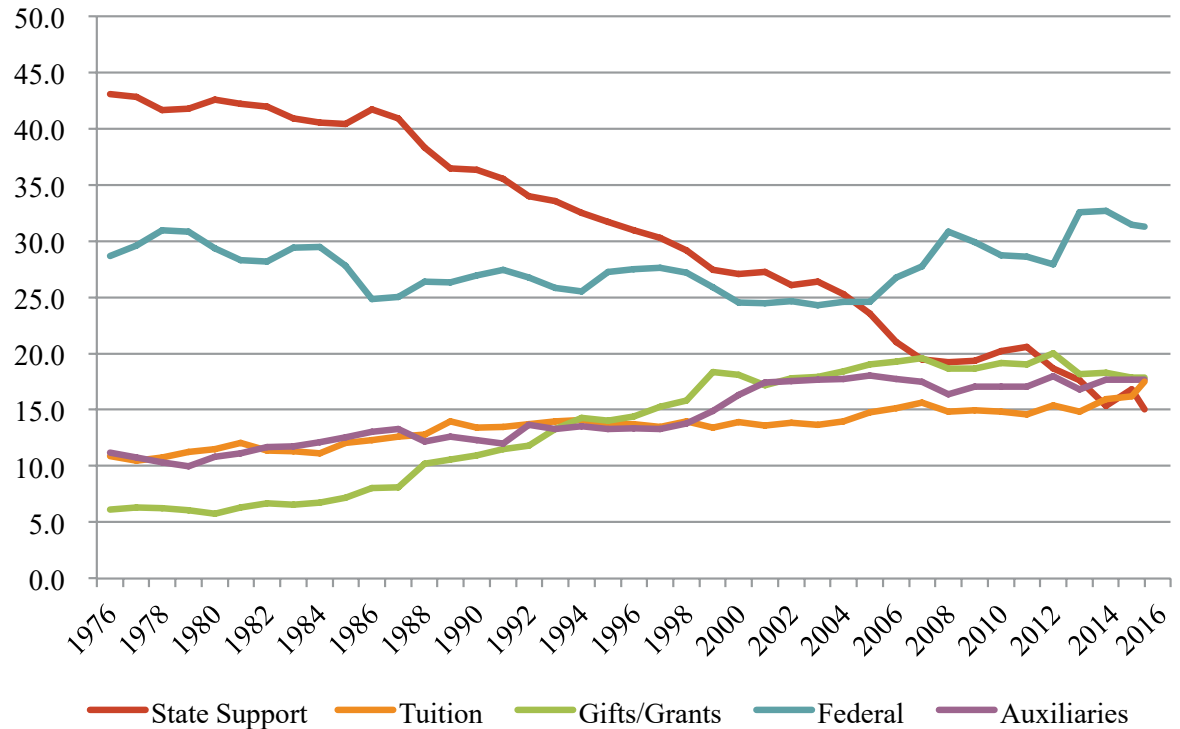


Changing Budget Landscape

UW–Madison’s funding sources have shifted over the decades. As the chart on the right indicates, the amount of support we receive in state funds relative to our overall budget has declined, and the university has become increasingly reliant on private donations, federal dollars, and tuition payments.

- For instance, in 1974, when UW–Madison merged with the UW System, state revenue accounted for 43 percent of total revenue, which has declined to 15 percent of the university’s total revenue today.
- In 1974, tuition made up roughly 11 percent of the budget compared to 18 percent today.
- Gifts and non-federal grants accounted for 5 percent of the budget in 1974 versus the current 18 percent.

Source of Funds



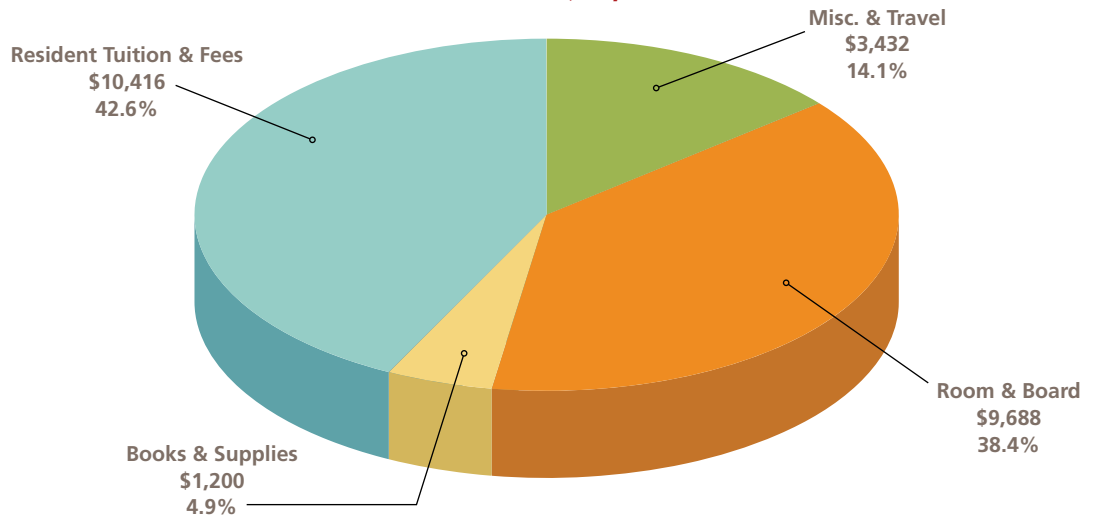
Tuition and Fees

Tuition and fees are part of the overall cost of attending UW–Madison. Tuition currently is frozen for in-state undergraduates enrolled at UW System campuses.

UW–Madison is consistently ranked one of the nation’s best values among public colleges and universities.

UW–Madison ranked seventh among public Big Ten Conference schools in 2015–16 for in-state resident undergraduate tuition and fees. For non-resident undergraduate students, UW–Madison tuition and fees also rank seventh for public schools in the Big Ten. Both resident and non-resident tuition/fees are below the conference average.

Cost of Attendance for Typical Wisconsin Undergraduate Total = \$24,736



2015-2016 Academic Year Tuition & Required Fees at Public Big Ten Universities

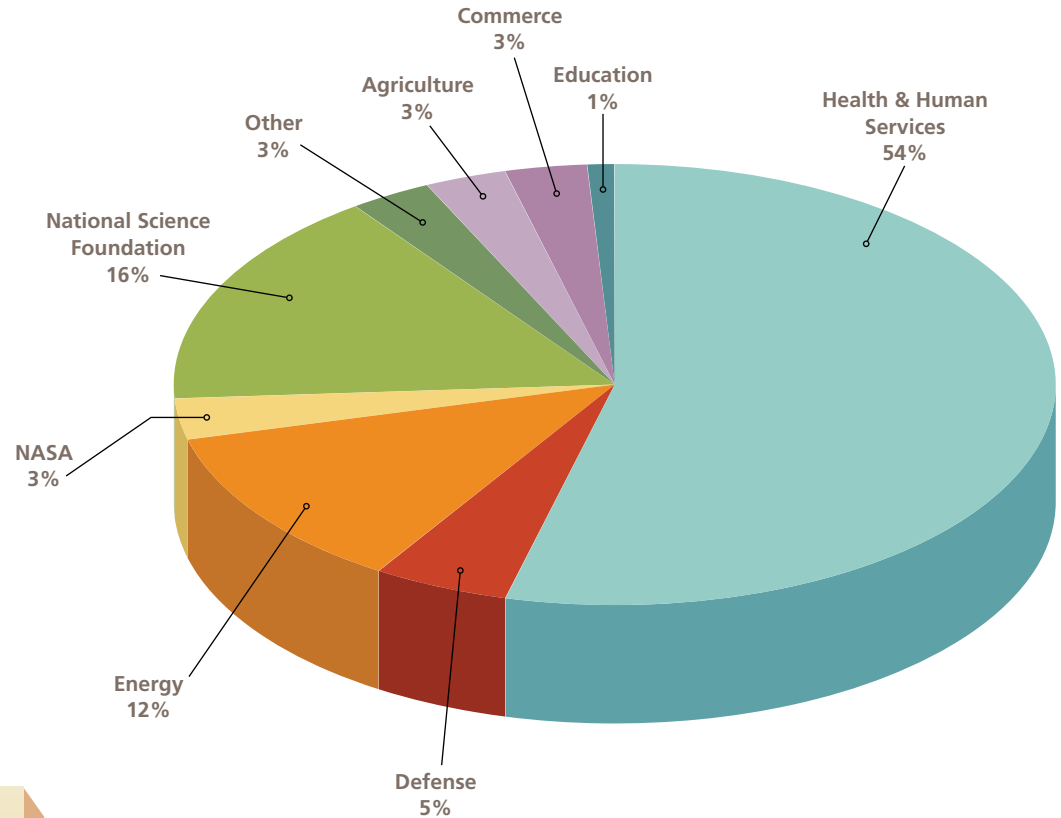
University	Undergraduate: Resident		Non-Resident	
	Amount	Rank	Amount	Rank
Pennsylvania State University	\$17,514	1	\$31,346	4
University of Illinois, Urbana-Champaign	\$15,626	2	\$30,786	6
Rutgers University	\$14,131	3	\$29,521	8
University of Michigan	\$13,856	4	\$43,476	1
University of Minnesota–Twin Cities	\$13,790	5	\$22,210	13
Michigan State University	\$13,560	6	\$36,360	2
University of Wisconsin–Madison	\$10,416	7	\$29,665	7
Indiana University	\$10,388	8	\$33,740	3
The Ohio State University	\$10,037	9	\$27,365	11
Purdue University	\$10,002	10	\$28,804	9
University of Maryland	\$9,996	11	\$31,144	5
University of Nebraska	\$8,279	12	\$22,446	12
University of Iowa	\$8,104	13	\$27,890	10
Average excluding UW–Madison	\$12,107		\$30,424	
Midpoint excluding UW–Madison	\$11,974		\$30,154	
UW–Madison distance from midpoint	–\$1,558		–\$489	

Research Funding

UW–Madison’s research enterprise is one of the largest in the nation. The research done on campus not only provides scientific and medical advances, but it also stimulates the economy, providing jobs and commerce regionally and statewide.

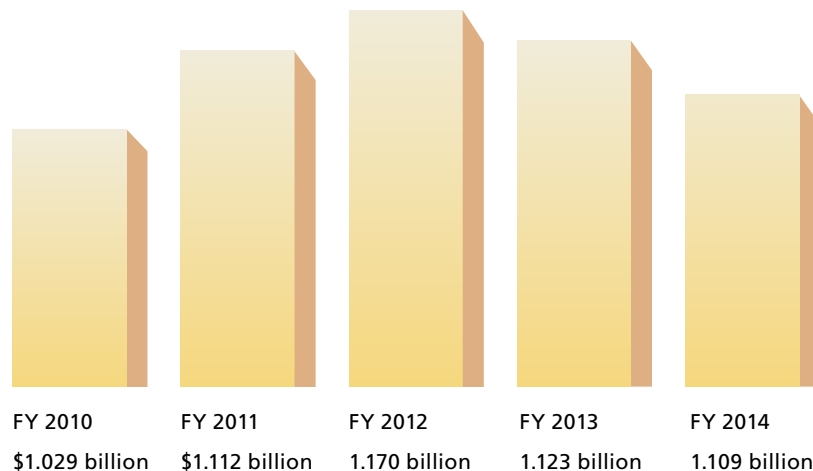
- UW–Madison spent more than \$1.1 billion from the federal government and private sources for research in fiscal year 2014. Federal research dollars have declined nationally in recent years due to federal budget cuts, leading to a decline in federal dollars at UW–Madison.
- For more than two decades, the university has ranked in the top five annually in total research dollars among all academic institutions in the country.
- These dollars are awarded competitively for specific projects and require faculty to be entrepreneurial in applying and competing for funds with researchers around the country.

Sources of Federal Research Funding



Funding allocation by specific federal agencies for research projects on the UW–Madison campus

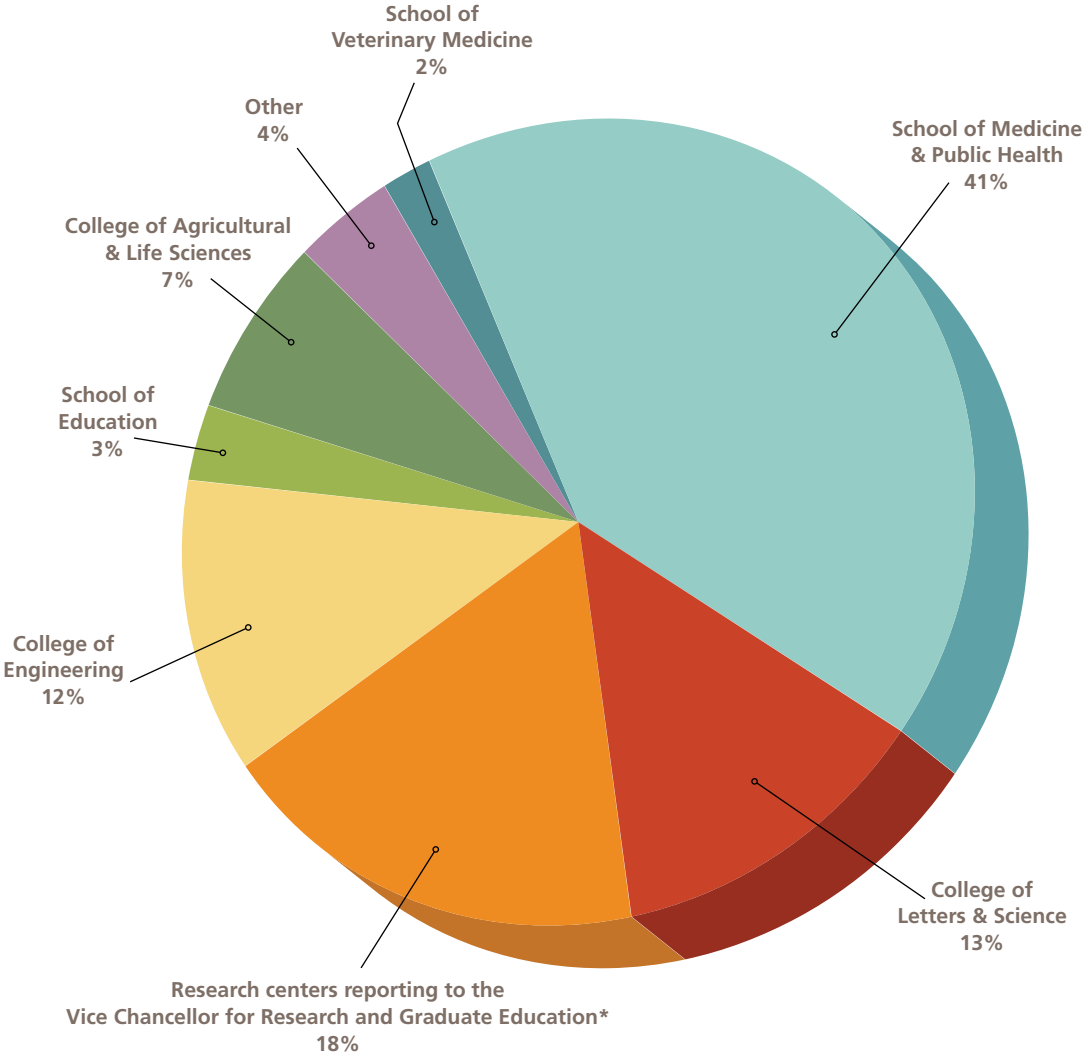
Total Research Funding Trend



Distribution of Research Funds

This chart shows how research funding is distributed across the UW–Madison campus. Faculty and staff across the university—in science, engineering, business, education, social sciences, arts and humanities—compete for research dollars and help make UW–Madison a premier research institution.

This research fuels economic growth and development through the money spent here in the state of Wisconsin to support the research infrastructure. The research reputation of UW–Madison attracts businesses and generates new start-up companies.



* Centers include such entities as the Waisman Center, the Biotechnology Center, and the Wisconsin Institute for Discovery

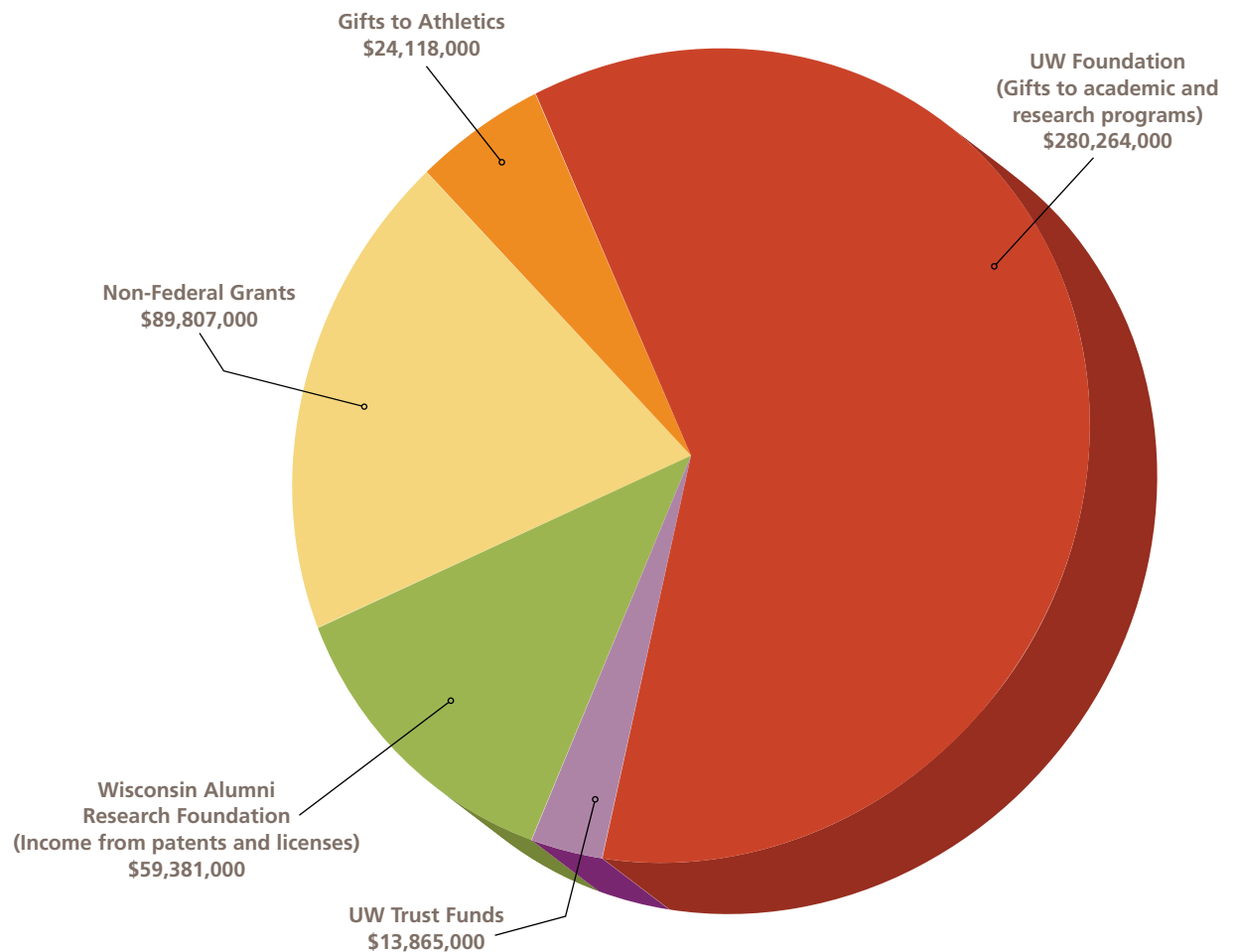
Gift and Grant Funds

UW–Madison also spent a significant amount of funding, \$467 million in 2014–15, from private gifts, non-federal grants, private contracts, and licensing fees. These funds are typically earmarked for specific purposes.

The UW Foundation and the Wisconsin Alumni Research Foundation are strong partners with UW–Madison in generating these funds. As independent entities, they allocate dollars to the university. The funds they generate are not under the university's control and must be spent on preapproved projects. They are not allocated for discretionary use. Both private and public universities across the country increasingly depend upon support from their alumni and friends to help them invest in special programs.

The majority of gift funds at UW–Madison are spent to provide need-based financial aid to students, to improve facilities, to spur innovation, and to enrich the academic experience. Another large component of gift funds goes to Athletics, which received \$24.1 million in 2014–15.

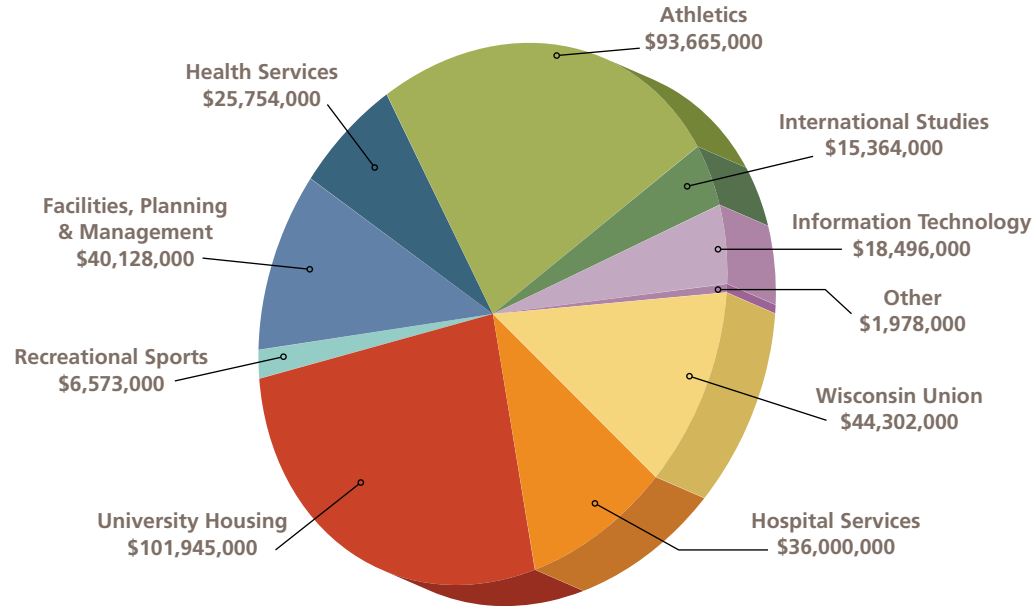
Fiscal 2015 Gifts and Non-Federal Grants / Funding



Auxiliary Funds

Auxiliary funds are user fees paid for services the university provides to the campus community and general public, such as residence halls or parking services. UW–Madison budgeted \$384 million in auxiliary revenues in 2015–16. These funds typically must be used to support the units where they are collected and cannot be used for other university purposes.

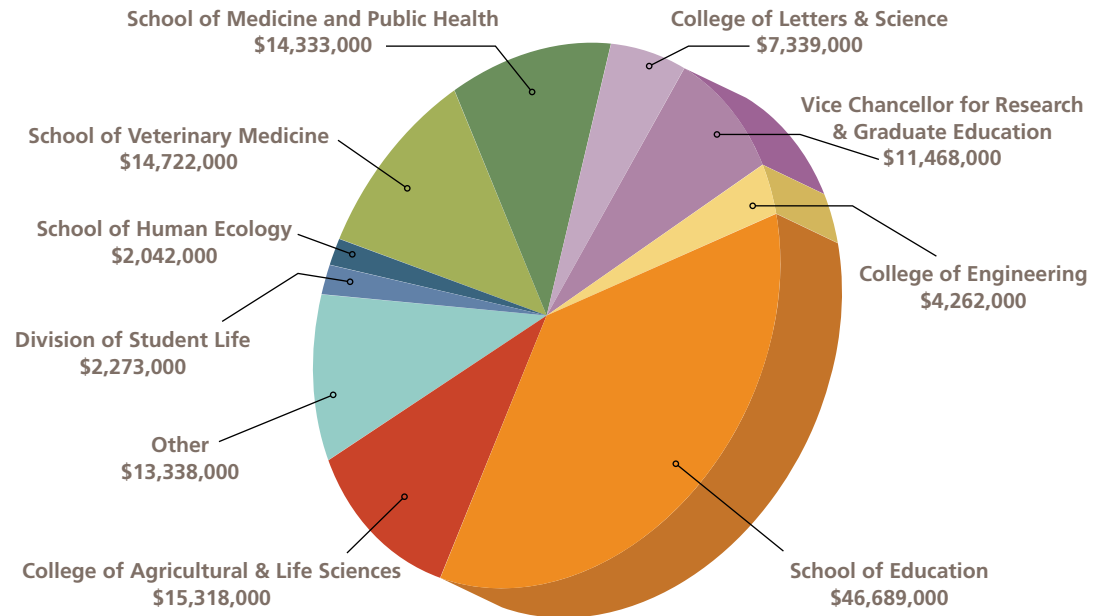
Auxiliary Funds



Other Revenue

The university budgeted \$132 million in revenue in 2015–16 from other sources, including services provided to the public by the veterinary school, medical school, and certifications offered via the School of Education.

Other Revenue



Part II: Expenditures in Fiscal Year 2014-2015

Expenditures at UW–Madison reflect our core missions of education, research, and outreach.

- In the 2014–15 academic year, nearly \$1.7 billion, about 60 percent of our total expenditures, was allocated to our academic units.
- In addition, 11.4 percent was spent on auxiliary units. Most of these operate independently, but serve the entire university and generate much of their own revenue.
- An additional 17.2 percent is spent on support units necessary to the academic and research mission of the university, such as the library system, police services, and information technology.

UW–Madison Expenditures by Unit (In Millions)

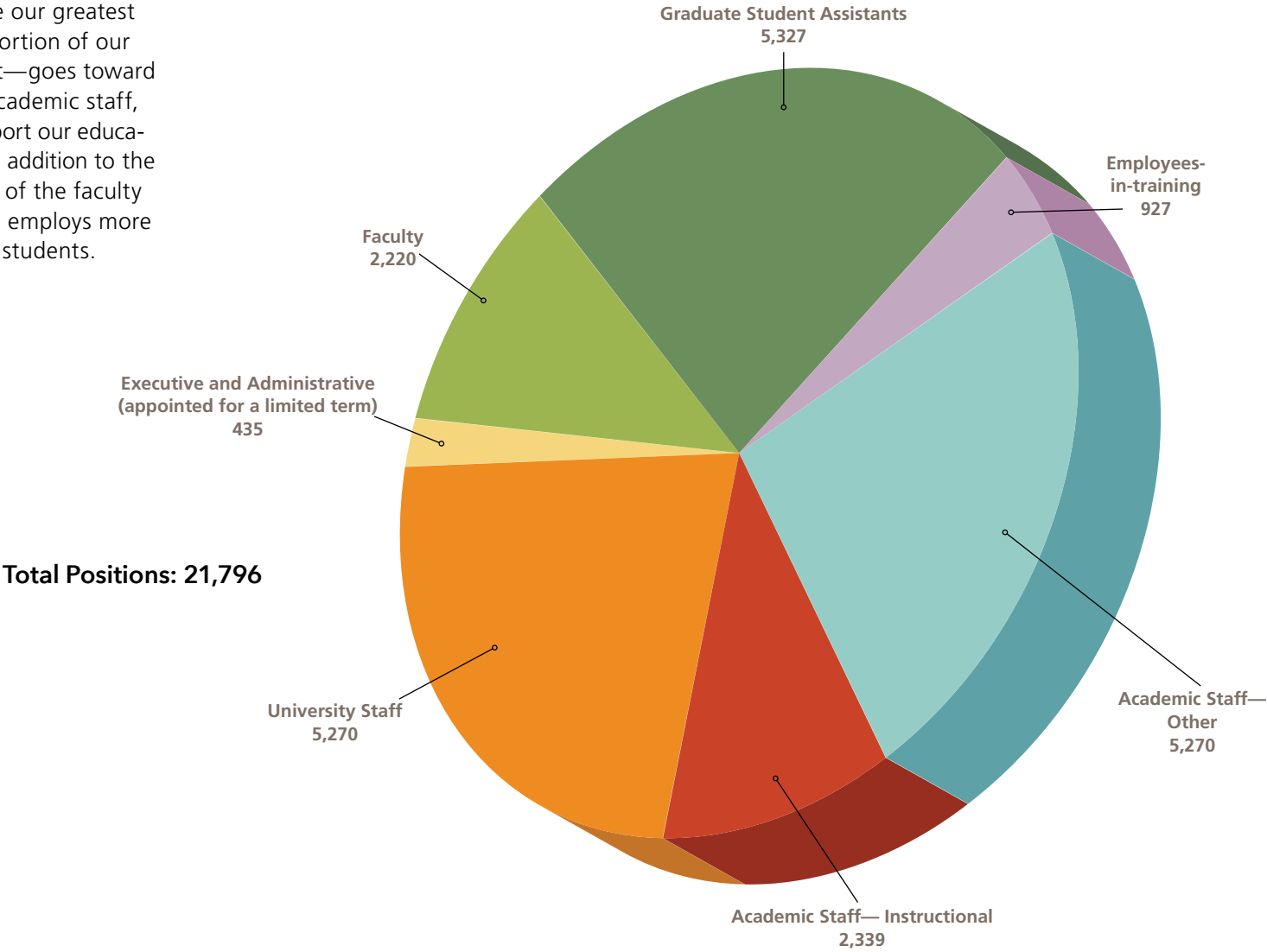
All Revenue Sources

	All Funds	% of Total		All Funds	% of Total
Academic Units			Support Units		
College of Agricultural & Life Sci	\$182.4	6.4%	General Administration	\$7.2	0.3%
International Studies	\$20.0	0.7%	General Services	\$117.4	4.1%
School of Business	\$64.2	2.2%	Business Services	\$14.1	0.5%
School of Education	\$109.5	3.8%	Division of Student Life	\$14.8	0.5%
College of Engineering	\$176.0	6.2%	Enrollment Management	\$13.6	0.5%
School of Human Ecology	\$15.1	0.5%	Information Technology	\$71.0	2.5%
Vice Chan for Research & Grad Ed	\$151.9	5.3%	General Library System	\$33.4	1.2%
Cross-College Biology	\$1.8	0.1%	Facilities Planning & Management	\$208.6	7.3%
Inst Environmental Studies	\$10.2	0.4%	Police Department	\$11.4	0.4%
Law School	\$27.2	1.0%	Subtotal	\$491.6	17.2%
College of Letters & Science	\$370.6	13.0%	Student Financial Aid (Loans)	\$173.5	6.1%
School of Medicine & Public Health	\$465.7	16.3%	Debt Service	\$83.9	2.9%
School of Nursing	\$15.0	0.5%	Other	\$65.8	2.3%
School of Pharmacy	\$24.7	0.9%			
School of Veterinary Medicine	\$59.1	2.1%	TOTAL	\$2,855.1	100%
Division of Continuing Studies	\$22.3	0.8%			
Subtotal	\$1,715.5	60.1%			
Auxiliary Units			All Funds Total		
Athletics	\$109.2	3.8%			
State Hygiene Laboratory	\$41.9	1.5%			
University Health Services	\$26.4	0.9%			
Recreational Sports	\$4.6	0.2%			
University Housing	\$82.9	2.9%			
Wis Veterinary Diagnostic Lab	\$9.3	0.3%			
Wisconsin Union	\$50.3	1.8%			
Subtotal	\$324.6	11.4%			

Faculty and Staff

At UW–Madison, people are our greatest asset. Accordingly, a large portion of our budget—roughly 50 percent—goes toward compensating the faculty, academic staff, and university staff who support our education and research missions. In addition to the more than 21,000 members of the faculty and staff, the university also employs more than 13,000 undergraduate students.

Faculty and Staff Positions



Student Financial Aid

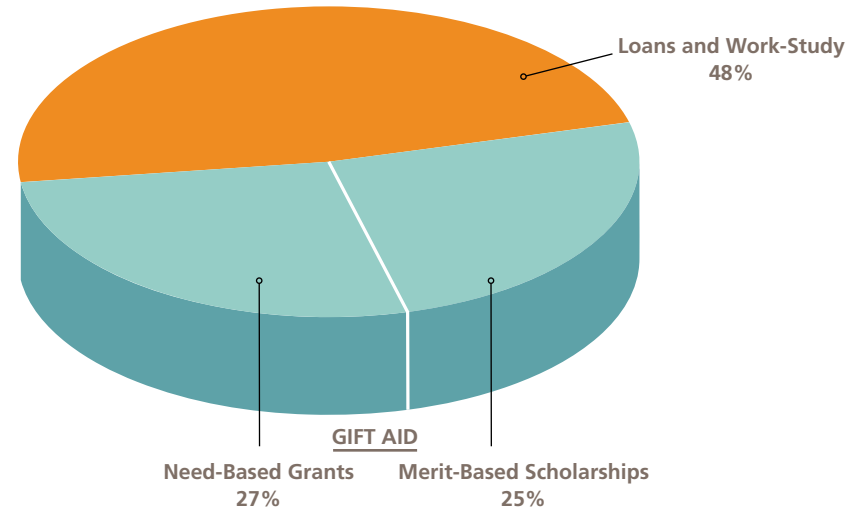
Though UW–Madison strives to keep higher education affordable, for many students and families, additional help is needed. In 2014–15, 63 percent of UW–Madison undergraduates received some form of financial aid, including student loans. When limited to gift aid—grants and scholarships that do not need to be paid back—49 percent of undergraduates received some form of financial aid through a combination of federal, state, and institutional funds.

Although we have less institutional gift aid than most of our peers, we work hard to be good stewards of these limited resources by targeting available aid to undergraduates with the greatest financial need.

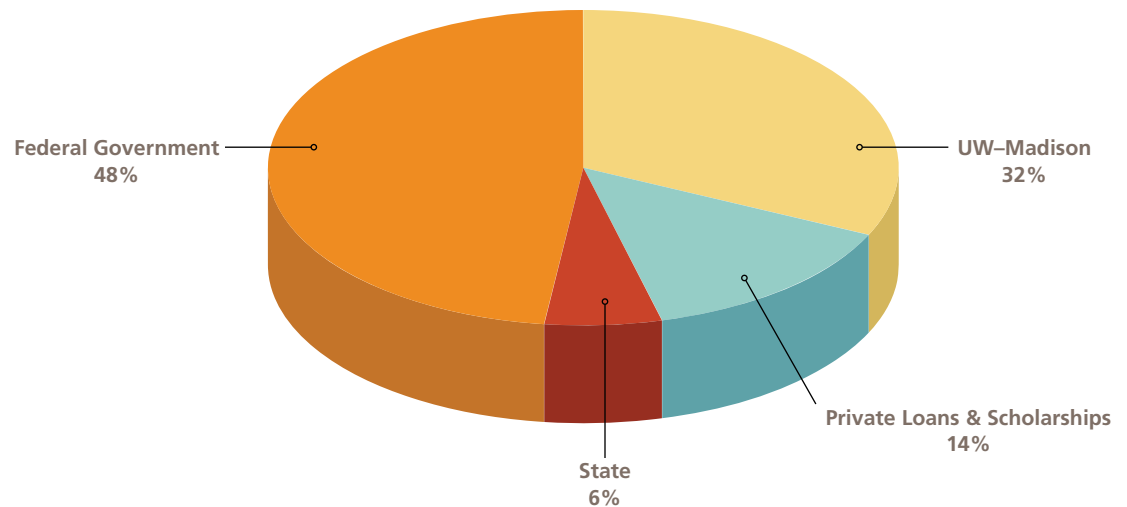
The top chart shows annual grants, scholarships, and loans for UW–Madison undergraduates. Loans include subsidized, unsubsidized, private, state, and institutional.

Private aid is provided by sources other than the federal / state government and UW–Madison funds, including private donors, non-profits, and service organizations.

Types of Undergraduate Financial Aid \$243,914,698



Sources for Undergraduate Financial Aid \$243,914,698



Need-Based Support Funded by UW-Madison

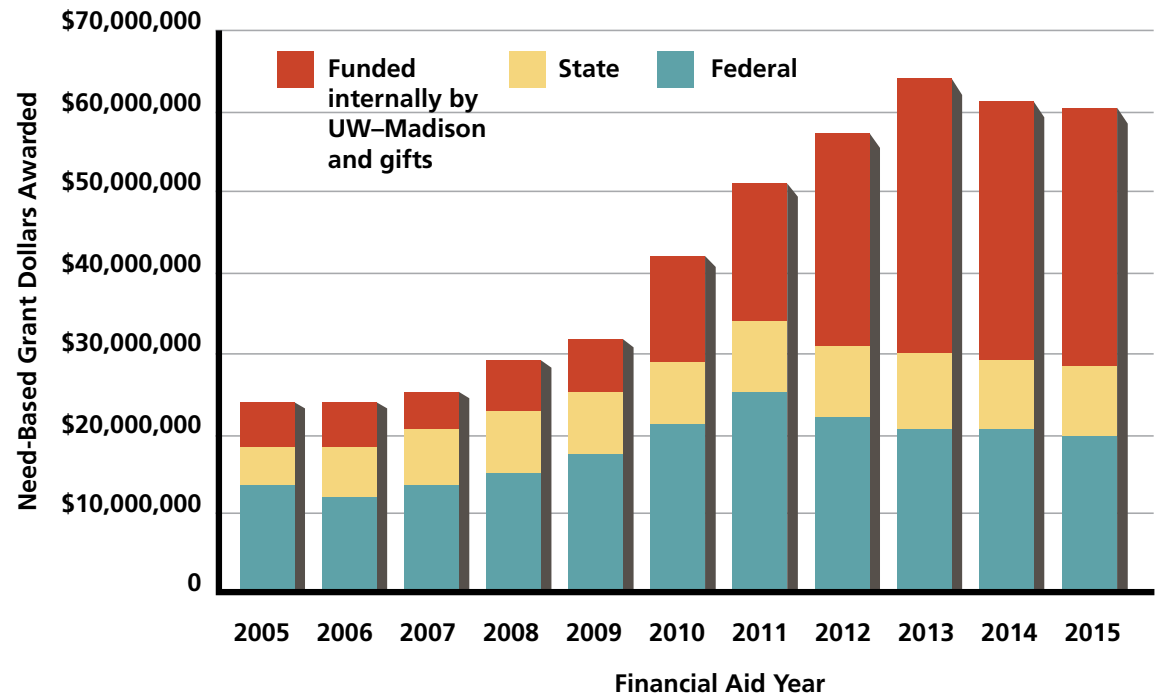
UW-Madison undergraduate student loan debt continues to be below national, state, and UW System averages.

- According to the most recent available data, the average debt load of \$28,768 for bachelor's degree recipients who borrowed is below recently reported state levels of \$28,810. Across the country, loan debt continued to rise last year, climbing to a national average of \$28,950.
- UW-Madison has been striving to control student debt and make the cost of attendance more affordable by increasing fundraising for financial aid, as demonstrated in this graph. Despite these efforts, our lowest-income students face a funding gap of nearly \$6,000 per year after exhausting all available loans and grants.

Internally funded grants through gifts and income are now the majority of need-based funds available to undergraduates. Ten years ago, institutional need-based grants were 22 percent of the total need-based grant aid awarded to undergraduates. By 2014-15, this percentage rose to 51 percent of need-based grants.

Undergraduate Need-Based Grant Dollars Awarded at UW-Madison 2005-2015

In 2014, more than \$60 million in need-based grants was dispersed to more than 10,000 UW-Madison students.



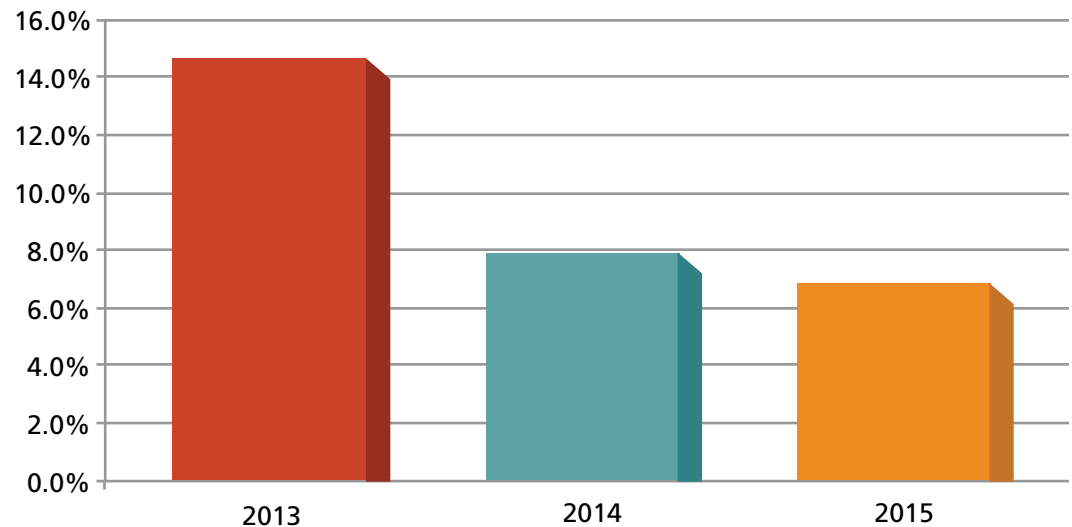
Year-End Fund Balances

In response to directives from the State Legislature and UW System Board of Regents, UW–Madison is working hard to manage fund balances with greater transparency.

The university's tuition balance, as calculated by Legislative Audit Bureau methodology, declined from 14 percent in 2013 to 7 percent in 2015.

- Much of the tuition fund balance is already fully committed to various university programs. Most of the dollars are designated for commitments that have been made but are not yet paid for, such as financial aid to low-income students or faculty and staff hiring.
- Approximately 5 percent of our tuition fund balance is not designated for specific purposes. Holding a small share of tuition fund balances in reserve is necessary for the operation of the university. The funds are used as a safeguard against revenue fluctuations caused by enrollment shifts or state budget cuts, and to cover sudden cost increases for obligations like utilities and fringe benefits.

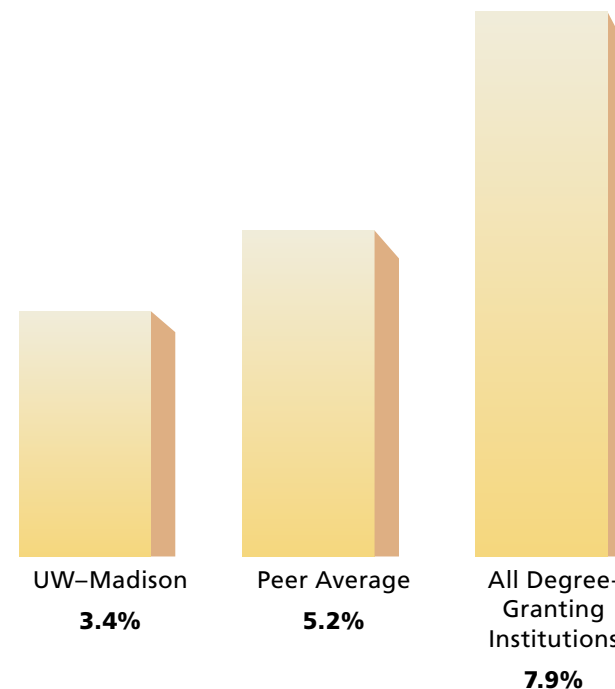
Tuition Carryover Ratio



Administrative Overhead

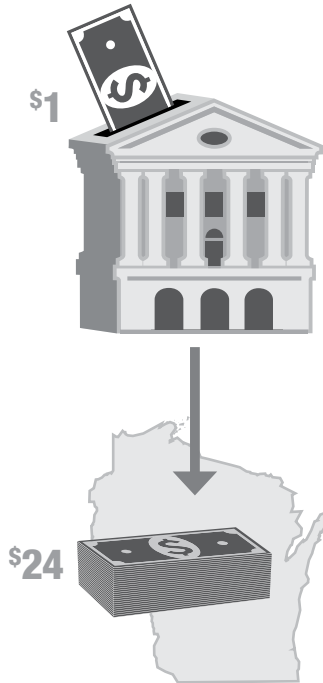
UW–Madison’s central administration costs are low compared to peers in the Association of American Universities (AAU), an association of leading public and private research universities in the U.S. and Canada. According to 2014 data, the amount spent on day-to-day administrative support as a percentage of total operating expenses at UW–Madison ranks fifth lowest among the 33 U.S. public research institutions in the AAU. These support services include general administrative services, legal and fiscal operations, purchasing and printing, employee personnel and records, and information technology.

**Administrative Overhead at UW–Madison,
Peer Public Universities, and All Degree-Granting Institutions**
(Percentage of overall operating expenses)



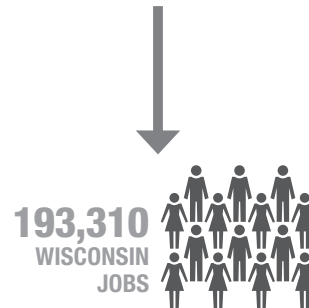
Economic Impact

Wisconsin taxpayers get a tremendous return on their investment in the state's flagship university



\$15 BILLION
OVERALL ECONOMIC IMPACT

A 2015 study found that for every state taxpayer dollar spent on UW–Madison, the university generates \$24 for the state economy, accounting for \$15 billion in economic impact statewide.



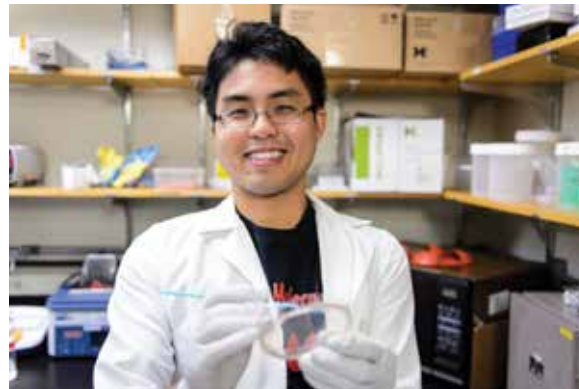
\$847.5 MILLION
IN STATE AND LOCAL TAX REVENUE

UW–Madison, UW Hospital and Clinics, and the university's affiliated organizations and startup companies support 193,310 Wisconsin jobs and generate more than \$847.5 million in state and local tax revenue.



\$2.3 BILLION
TO THE WISCONSIN ECONOMY

UW–Madison research has fostered the formation of at least 362 startup companies in Wisconsin. The startup companies support more than 24,972 jobs and contribute approximately \$2.3 billion to the Wisconsin economy.



Photos: University Communications

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WISCONSIN
UNIVERSITY OF WISCONSIN-MADISON

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